

## Message Text

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PAGE 01 STATE 267090  
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 L-03 H-02 STR-05 AID-05  
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15  
TRSE-00 XMB-04 OPIC-06 SP-02 OMB-01 /072 R

DRAFTED BY EB/OT/GCP - SR LYNN  
APPROVED BY :B/OT/GCP - J SLATTERY  
STR - D COOPER (SUBS)  
EUR/NE - D GOODMAN (INFO)  
-----003905 081951Z /53  
R 081719Z NOV 77  
FM SECSTATE WASHDC  
TO AMCONSUL HAMILTON

UNCLAS STATE 267090

E.O. 11652: N/A

TAGS: ETRD, GSP, BD

SUBJECT: BAY RUM AND GSP  
REF: HAMILTON 494  
- HAMILTON 494

1. A GSP BENEFICIARY COUNTRY WHICH ACCOUNTS FOR 50 PERCENT OR MORE OF US IMPORTS OF A SINGLE PRODUCT IN A CALENDAR YEAR IS INELIGIBLE FOR GSP BENEFITS ON THAT PRODUCT IN THE FOLLOWING YEAR, BEGINNING MARCH 1, UNDER THE PROVISIONS OF SECTION 504 (C)(2) OF THE TRADE ACT OF 1974. SHOULD THE PERCENTAGE FALL BELOW 50 PERCENT IN A SUBSEQUENT CALENDAR YEAR, THE COUNTRY MAY BE REDESIGNATED FOR ELIGIBILITY, BUT THIS IS DISCRETIONARY. HOWEVER, IN THE PAST NEARLY ALL COUNTRIES FALLING BELOW THE LIMITS HAVE BEEN REDESIGNATED. -

2. IN THE CASE OF TSUS 461.15 (BAY RUM), BERMUDA WAS UNCLASSIFIED

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INELIGIBLE INITIALLY BECAUSE IT ACCOUNTED FOR 96 PERCENT OF US IMPORTS IN 1975. THE PERCENTAGE WAS 93 PERCENT IN 1976, SO REDESIGNATION COULD NOT BE CONSIDERED. FIGURES FOR JANUARY-JUNE 1977 SHOW 65 PERCENT. IF THE FULL YEAR FIGURE GOES BELOW 50 PERCENT, REDESIGNATION WILL BE CONSIDERED IN 1978.

3. POST MAY WISH TO INFORM MR. GAADE THAT COMPETITIVE NEED LIMITS WERE ESTABLISHED IN US LEGISLATION FOR GSP SINCE GSP IS ONLY A TEMPORARY GRANT IN ORDER TO HELP DEVELOPING COUNTRIES BECOME COMPETITIVE. ONCE A COUNTRY IS COMPETITIVE IN A CERTAIN PRODUCT (IN THIS CASE BY SUPPLYING 50 PERCENT OR MORE OF US IMPORTS OF THE PRODUCT), GSP BENEFITS ARE REMOVED FOR THAT COMPETITIVE COUNTRY BUT NOT FOR OTHERS. IF RESTORATION OF DUTY CAUSES PRODUCT TO LOSE ITS COMPETITIVENESS (AS DEFINED BY LEGISLATION) AND FALL BELOW 50 PERCENT OF TOTAL US IMPORTS, GSP BENEFITS MAY AGAIN BE GRANTED. POST MAY ALSO WISH TO REMIND MR. GAADE THAT MTN CURRENTLY UNDERWAY WILL LEAD TO BROAD MFN TARIFF CUTS, AND BERMUDA MAY WISH TO REQUEST THROUGH UK THAT US CUT TARIFF ON BAY RUM.

4. BASIC GSP PAMPHLET SHOULD HAVE BEEN RECEIVED BY POST IN 1976. DEPT IS HOWEVER, POUCHING ANOTHER COPY. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, RUM, GENERALIZED PREFERENCES (TARIFFS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 08-Nov-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Disposition Event:**  
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**Document Unique ID:** 00  
**Drafter:** SR LYNN  
**Enclosure:** n/a  
**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 HAMILTON 494  
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**Subject:** BAY RUM AND GSP  
**TAGS:** ETRD, US, BD  
**To:** HAMILTON  
**Type:** TE  
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**Review Markings:**  
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